

**CONTRACT #4**  
**RFS # 343.05-145**

**Department of Health**  
**Bureau of Administrative**  
**Services**

**VENDOR:**  
**D&S Diversified Technologies**  
**d/b/a**  
**Headmaster**



# State of Tennessee

## Department of Health

### Bureau of Administrative Services

#### Division of Contracts Review

Andrew Johnson Tower, 10th Floor  
710 James Robertson Parkway  
Nashville, Tennessee 37247-0310  
615-741-1614 Fax: 615-253-1998

Trent Ridley, Assistant Commissioner  
Ben Riley, Director

#### MEMORANDUM

**TO:** Leni, Chick, Fiscal Analyst  
Fiscal Review Committee

Robert Barlow, Director  
Office of Contracts Review

**FROM:** Ben A. Riley, Director

**DATE:** August 31, 2005

**RECEIVED**

**AUG 31 2005**

**FISCAL REVIEW**

**SUBJECT: Submission of Non-Competitive Amendment Request for Review and Approval**

The Department of Health wishes to amend their non-competitive contract with D&S Diversified Technologies (RFS 343.05-145-03 Contract FA-03-15138) to provide on-line access to Nurse Aide Examination results. In accordance with OCR Policy and FRC's instructions, we are submitting the attached documentation package for review and approval by both the OCR and the FRC. The package contains the following documents:

- Copy of the approved original contract
- Copy of the approved Amendment Number One
- Copy of the proposed Amendment Number Two
- The Non-Competitive Amendment Request (Original in OCR's package; Copy in FRC's package)
- Letter of Explanation from Commissioner Robinson to FRC Executive Director James White (copy to OCR)

We request that this item be placed on FRC's Agenda for their September 14, 2005 meeting. Please note that FRC's deadline for submission of Agenda items is today and, given that Commissioner Robinson is out of the office, availed himself of the "exigent circumstances" exception for signatory to the Non-Competitive Amendment Request and had Special Assistant to the Commissioner, Rick Frazier, sign for the Commissioner, so that we could meet the submission deadline.

BAR:br

Attachments

c: Brenda Newsom



STATE OF TENNESSEE  
**DEPARTMENT OF HEALTH**  
CORDELL HULL BLDG.  
425 5TH AVENUE NORTH  
NASHVILLE TENNESSEE 37247

**PHIL BREDESEN**  
GOVERNOR

**KENNETH S. ROBINSON, M.D.**  
COMMISSIONER

August 30, 2005

James White, Executive Director  
Fiscal Review Committee  
8<sup>th</sup> Floor, Rachel Jackson Building  
320 Sixth Avenue, North  
Nashville, Tennessee 37243

RE: RFS # 343.05-145-03  
Department of Health/D & S Diversified Technologies  
Request for Non-Competitive Amendment

Dear Mr. White:

The purpose of this letter is to request your approval of the above referenced amendment to our current contract #FA-03-15138-00.

In 2003, we awarded a contract through a competitive RFP process to D & S Diversified Technologies, Inc. (D & S) to administer state-wide Nurse Aide examinations over a five year period (1/6/03 to 1/5/08) for a Maximum Liability of \$3,788,026. Under the contract as currently written, D & S sends data on a quarterly basis to the State Program Manager. This data includes candidate information, pass/fail information, the number of persons who register but then do not come to take the test. The State Program Manager must then manually consolidate this information into reports that are mailed to the training program instructors at nursing homes, post-secondary training facilities and hospitals around the state. Approximately three hundred (300) reports are generated each quarter.

D & S now has the capability to provide on-line access directly to training program instructors thereby creating a cost savings in manpower and materials for the Department of Health. The cost for this service the first twelve months will be \$425 per month for an annual total of \$5,100 and \$400 per month for each month thereafter. The current contract can absorb this additional amount in the existing Contract Maximum Liability.

We appreciate your time and attention to this matter and respectfully request your approval.

Sincerely,

*Kenneth S. Robinson, M.D.*

Kenneth S. Robinson, M.D.  
Commissioner

# REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration  
Date:

## EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED

1) RFS # 343.05-145-03

2) State Agency Name : Department of Health

### EXISTING CONTRACT INFORMATION

3) Service Caption : Administers nurse aide testing examination

4) Contractor : D&S Diversified Technologies

5) Contract # FA-03-15138-00

6) Contract Start Date : (attached explanation required if date is < 60 days after F&A receipt) January 6, 2003

7) Current Contract End Date IF all Options to Extend the Contract are Exercised : January 5, 2008

8) Current Total Maximum Cost IF all Options to Extend the Contract are Exercised : \$3,788,026

### PROPOSED AMENDMENT INFORMATION

9) Proposed Amendment # 2

10) Proposed Contract End Date IF all Options to Extend the Contract are Exercised : January 5, 2008

11) Proposed Total Maximum Cost IF all Options to Extend the Contract are Exercised : \$3,788,026

12) Approval Criteria : ☒ use of Non-Competitive Negotiation is in the best interest of the state  
☐ only one uniquely qualified service provider able to provide the service

13) Description of the Proposed Amendment Effects & Any Additional Service :

D&S Diversified Technologies administers the examination for nurse aide testing. The additional service will be for data hosting, web interface customization, alterations and quarterly data capture for testing scores for quarterly reports.

14) Explanation of Need for the Proposed Amendment :

Currently, D&S Diversified forwards the quarterly data that contains who takes the exam, the number who passed and the number who registered but did not take the exam and the pass/fail rates for the competency evaluation examination in a lump reporting system for the Tennessee program manager by read only access via a computer provided to the Tennessee Department of Health by the contractor. The program manager is required by regulation to prepare this information into quarterly data reports for all nurse aide

training programs and to forward them to the training program instructors in nursing homes, post-secondary training programs and hospitals. There are approximately 300 training programs that the reports are sent to by mail. The additional service that D&S is offering is to allow all training programs to retrieve this information online. This service would save the program manager valuable time and the program expense of mailing the reports to the training programs.

**15) Name & Address of Contractor's Current Principal Owner(s) :**  
(not required if proposed contractor is a state education institution)

Paul Dorrance, General Partner  
Ben Schmitt, General Partner  
D&S Diversified Technologies d/b/a Headmaster  
150 Horseshoe Bend Road  
Helena, MT 39602-7417

**16) Documentation of Office for Information Resources Endorsement :**  
(required only if the subject service involves information technology)

select one: ☒ Documentation Not Applicable to this Request ☐ Documentation Attached to this Request

**17) Documentation of Department of Personnel Endorsement :**  
(required only if the subject service involves training for state employees)

select one: ☒ Documentation Not Applicable to this Request ☐ Documentation Attached to this Request

**18) Documentation of State Architect Endorsement :**  
(required only if the subject service involves construction or real property related services)

select one: ☒ Documentation Not Applicable to this Request ☐ Documentation Attached to this Request

**19) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :**

D&S Diversified Technologies is the contractor that now gives the nurse aide examination. The RFP process was used to award this contract. This is information that is retrieved by D&S Diversified. This is an added service that D&S Diversified has offered to the division. The service will not change the maximum liability that is now in the contract. There will be an additional charge of \$425 per month for the service but the maximum liability that we now have will cover this charge.

**20) Justification for the Proposed Non-Competitive Amendment :**

This service would be a tremendous help to the division, test candidates, and designated nurse aide training programs. Information could be retrieved faster with minimal input from the program and result in significant reduction in postage and valuable time spent by the program manager.

**REQUESTING AGENCY HEAD SIGNATURE & DATE :**

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR—signature by an authorized signatory will be accepted only in documented exigent circumstances)

Kenneth S. Robinson, M.D. *[Signature]*  
Agency Head Signature

8/30/05  
Date

# C O N T R A C T   S U M M A R Y   S H E E T

8-9-05

<b>RFS #</b>				<b>Contract #</b>			
343.05-145-03				FA031513802			
<b>State Agency</b>				<b>State Agency Division</b>			
Health				Bureau of Health Licensure & Regulation			
<b>Contractor Name</b>				<b>Contractor ID # (FEIN or SSN)</b>			
D&S Diversified Technologies d/b/a Headmaster				<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V-		81-0485786-00	
<b>Service Description</b>							
Administration of a statewide competency evaluation program for candidates for certification as a nurse aide. This amendment would be for an added service of data hosting for training reports effective October 1, 2005.							
<b>Contract Begin Date</b>		<b>Contract End Date</b>		<b>SUBRECIPIENT or VENDOR?</b>		<b>CFDA #</b>	
January 6, 2003		January 5, 2008		Subrecipient			
<b>Mark, if Statement is TRUE</b>							
<input checked="" type="checkbox"/> Contractor is on STARS as required				<input type="checkbox"/> Contractor's Form W-9 is on file in Accounts as required			
<b>Allotment Code</b>		<b>Cost Center</b>		<b>Object Code</b>		<b>Fund</b>	
343.05		35		139		11	
<b>Funding Grant Code</b>		<b>Funding Subgrant Code</b>					
<b>FY</b>	<b>State</b>	<b>Federal</b>	<b>Interdepartmental</b>	<b>Other</b>	<b>TOTAL Contract Amount</b>		
2003			\$378,803.00		\$378,803.00		
2004			\$757,605.00		\$757,605.00		
2005			\$757,605.00		\$757,605.00		
2006			\$757,605.00		\$757,605.00		
2007			\$757,605.00		\$757,605.00		
2008			\$378,803.00		\$378,803.00		
<b>TOTAL:</b>			\$3,788,026.00		\$3,788,026.00		

<b>— COMPLETE FOR AMENDMENTS ONLY —</b>			<b>State Agency Fiscal Contact &amp; Telephone #</b>	
<b>FY</b>	<b>Base Contract &amp; Prior Amendments</b>	<b>THIS Amendment ONLY</b>	Crystal Allen - 741-1614	
2003	\$378,803.00		<b>State Agency Budget Officer Approval</b>	
2004	\$757,605.00			
2005	\$757,605.00			
2006	\$757,605.00			
2007	\$757,605.00			
2008	\$378,803.00		<b>Funding Certification</b> (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)	
<b>TOTAL:</b>	<b>\$3,788,026.00</b>			
<b>End Date:</b>	January 5, 2008			

<b>Contractor Ownership</b>				
<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT minority/disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—	
<b>Contractor Selection Method</b>				
<input checked="" type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method		
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Government	<input type="checkbox"/> Other		
<b>Procurement Process Summary</b>				

This contract was approved through a Request for Proposal (RFP) in 2003. This amendment would be for an additional service for data hosting for training reports, web interface customization, alterations, and quarterly data capture. Currently, D&S Diversified forwards the quarterly data that contains who takes the exam, the number who passed and the number who registered but did not take the exam and the pass/fail rates for the competency evaluation examination in a lump reporting system for the Tennessee program manager by read only access via a computer provided to the Tennessee Department of Health by the contractor. The program manager is required by regulation to prepare this information into quarterly data reports for all nurse aide training programs and to forward them to the training program instructors in nursing homes, post-secondary training programs and hospitals. There are approximately 300 training programs that the reports are mailed to each quarter. D&S Diversified is offering a new service which would allow all training programs to retrieve this information online. This additional service would save the program manager valuable time and the program expense of mailing the reports to the training programs. The cost per month for this service would cost the department \$425 per month for data hosting, web interface customization, alterations and quarterly data capture the first year and then would change after the first year to \$400 per month the remainder of the contract for data hosting, alterations and quarterly data capture. The maximum liability of the contract would not change. There is enough money in the contract to cover this additional service.



**AMENDMENT 2  
TO CONTRACT FA-03-15138-00**

This CONTRACT, by and between the State of Tennessee, [Department of Health, hereinafter referred to as the State, and [D&S Diversified Technologies d/b/a Headmaster, hereinafter referred to as the CONTRACTOR, is hereby amended as follows:

1. Delete Section A.1.d. Reporting (2) and C.3 in its entirety and insert the following in its place:

A.1.d.(2) Submit quarterly reports of the pass/fail rates for the competency evaluation examination to the Department on Windows-compatible computer media that contains information, by facility, of which nurse aides registered to take the exam, the number who passed using a unique numeric identifier (social security number) and failed, and the number who registered but did not take the exam. The reports must be submitted by the 7<sup>th</sup> calendar day following the end of each quarter. Read-only access to the Examining Service's scoring data has been provided to the Department only via a computer provided to TDH by the Contractor as detailed in their original contract. The program manager would then generate approximately three hundred (300) reports to send out to program training instructors. Effective October 1, 2005 reports will now be available online for direct access for the program manager and program training instructors that are in nursing homes, schools and hospitals. This additional service will save the program manager valuable time and the program expense of mailing the reports to the training programs. A monthly fee as detailed in C.3 will be charged by the contractor.

- C. 3. Payment Methodology. The Contractor shall be compensated based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Service Rates:

<u>SERVICE UNIT</u>	<u>AMOUNT</u>
Examination Rate for written/oral and practical skills demonstration	\$85.00 Per Candidate
Data Hosting for Training Reports, Web interface customization, alterations and quarterly data capture	\$425 per month for the first year
Data Hosting for Training Reports, alterations, and and quarterly reports	\$400 per month for the remainder of the contract after the first year

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service or project milestones for the amount stipulated. If a candidate is required to retake either the written/oral or practical skills demonstration portion of the examination, the fee for that portion shall be calculated as follows:

Examination Rate for Written/Oral Examination = 40% x \$85.00  
Examination Rate for Practical Skills Demonstration = 60% x \$85.00

The other terms and conditions of this CONTRACT not amended hereby shall remain in full force and effect.

D&S Diversified d/b/a Headmaster  
Nurse aid testing

January 6, 2003-January 5, 2008  
Contract Amount - \$3,788,026

IN WITNESS WHEREOF:

D&S DIVERSIFIED TECHNOLOGIES D/B/A HEADMASTER:

---

Paul Dorrance, General Manager  
Ben Schmitt, General Manager

Date

DEPARTMENT OF HEALTH:

---

Kenneth S. Robinson, M.D., Commissioner

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

---

M. D. Goetz, Jr., Commissioner

Date

DEPARTMENT OF PERSONNEL:

---

Randy C. Camp, Commissioner

Date

COMPTROLLER OF THE TREASURY:

---

John G. Morgan, Comptroller of the Treasury

Date

D&S Diversified d/b/a Headmaster  
Nurse aid testing

January 6, 2003-January 5, 2008  
Contract Amount - \$3,788,026

# CONTRACT SUMMARY SHEET

<b>RFS Number:</b>	343.05-145-03	<b>Contract Number:</b>	FA-03-15138-01
<b>State Agency:</b>	Department of Health	<b>Division:</b>	Health Care Facilities
<b>Contractor</b>		<b>Contractor Identification Number</b>	
D&S Diversified Technologies d/b/a Headmaster		X V - C -	81-0485786-00

## Service Description

Development and administration of a statewide competency evaluation program for candidates for certification as nurse aides.

<b>Contract Begin Date</b>				<b>Contract End Date</b>			
January 6, 2003				January 5, 2008			
<b>Allotment Code</b>	<b>Cost Center</b>	<b>Object Code</b>	<b>Fund</b>	<b>Grant</b>	<b>Grant Code</b>	<b>Subgrant Code</b>	
343.05	35	139	11	On Stars			

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
03			\$378,803		\$378,803
04			\$757,605		\$757,605
05			\$757,605		\$757,605
06			\$757,605		\$757,605
07			\$757,605		\$757,605
08			\$378,803		\$378,803
<b>Total:</b>			<b>\$3,788,026</b>		<b>\$3,788,026</b>

<b>CFDA #</b>		<b>Check the box ONLY if the answer is YES:</b>	
<b>State Fiscal Contact</b>		<b>Is the Contractor a SUBRECIPIENT? (per OMB A-133)</b>	
<b>Name:</b>	Wayne Pierson	<b>Is the Contractor a VENDOR? (per OMB A-133)</b>	X
<b>Address:</b>	10 <sup>th</sup> Floor, Andrew Johnson Tower	<b>Is the Fiscal Year Funding STRICTLY LIMITED?</b>	X
<b>Phone:</b>	(615) 741-9419	<b>Is the Contractor on STARS?</b>	
<b>Procuring Agency Budget Officer Approval Signature</b>		<b>Is the Contractor's FORM W-9 ATTACHED?</b>	
<i>Wayne Pierson/sp</i>		<b>Is the Contractors Form W-9 Filed with Accounts?</b>	X

COMPLETE FOR ALL AMENDMENTS (only)		
	Base Contract & Prior Amendments	This Amendment ONLY
<b>END DATE →</b>	June 30, 2005	January 5, 2008
FY: 03	\$378,803	
FY: 04	\$757,605	
FY: 05	\$757,605	
FY: 06		\$757,605
FY: 07		\$757,605
FY: 08		\$378,803
<b>Total:</b>	<b>\$1,894,013</b>	<b>\$1,894,013</b>

<b>Funding Certification</b>	
<p>Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.</p>	
<div style="border: 2px solid black; padding: 5px; display: inline-block;"> <b>PROCESSED</b>  APR 27 2005  DIRECTOR OF ACCOUNTS </div>	<div style="border: 2px solid black; padding: 5px; display: inline-block;"> <b>RECEIVED</b>  APR - 6 PM 3:48  FEB 25 2005  Bureau Of Health  Licensure And Regulation </div>

**AMENDMENT 1  
TO CONTRACT FA-03-15138-00**

This CONTRACT, by and between the State of Tennessee, Department of Health, hereinafter referred to as the State, and D&S Diversified Technologies d/b/a Headmaster, hereinafter referred to as the CONTRACTOR, is hereby amended as follows:

1. Delete Section B.1 and C.1 in its entirety and insert the following in its place:

B.1. Contract Term. This Contract shall be effective for the period commencing on January 6, 2003 and ending on January 5, 2008. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. 1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Three Million Seven Hundred Eighty Eight Thousand Twenty Six Dollars (\$3,788,026.00). The Examination Fee in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Examination Fee include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Examination Rate detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

The other terms and conditions of this CONTRACT not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

[D & S DIVERSIFIED TECHNOLOGIES d/b/a HEADMASTER:

*Paul Dorrance*  
Paul Dorrance, General Manager

2/22/05  
Date

*Ben Schmitt*  
Ben Schmitt, General Manager

2/22/2005  
Date

DEPARTMENT OF HEALTH:

*Kenneth S. Robinson, MD/PhD*  
[Kenneth S. Robinson, M.D., Commissioner

2-15-05  
Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

*M.D. Goetz, Jr. RNR*  
M. D. Goetz, Jr., Commissioner

APR 06 2005  
Date

DEPARTMENT OF PERSONNEL:

**NOT APPLICABLE**

Randy C. Camp, Commissioner


Date

COMPTROLLER OF THE TREASURY:

*John G. Morgan*  
John G. Morgan, Comptroller of the Treasury

4/8/05  
Date

# CONTRACT SUMMARY SHEET

<b>S Number:</b> 343.05-145-03		<b>Contract Number:</b> FA 03 15138-00	
<b>State Agency:</b> Department of Health		<b>Division:</b> Health Care Facilities	
<b>Contractor</b>		<b>Contractor Identification Number</b>	
D&S Diversified Technologies d/b/a Headmaster		<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-	81-0485786-00
<b>Service Description</b>			
Development and administration of a statewide competency evaluation program for candidates for certification as nurse aides.			
<b>Contract Begin Date</b>		<b>Contract End Date</b>	
January 6, 2003		June 30, 2005	
<b>Allotment Code</b>	<b>Cost Center</b>	<b>Object Code</b>	<b>Fund</b>
343.05	35	139	11
		<input type="checkbox"/> on STARS	
<b>FY</b>	<b>State Funds</b>	<b>Federal Funds</b>	<b>Total Contract Amount (including ALL amendments)</b>
03		378,803	378,803
04		757,605	757,605
05		757,605	757,605
<b>Total:</b>			1,894,013
<b>CFDA #</b>	<b>Check the box ONLY if the answer is YES:</b>		
<b>State Fiscal Contact</b>		<b>Is the Contractor a SUBRECIPIENT? (per OMB A-133)</b>	
<b>Name:</b>	Leslie Humphreys	<b>Is the Contractor a VENDOR? (per OMB A-133)</b> X	
<b>Address:</b>	10th Floor Andrew Johnson Tower	<b>Is the Fiscal Year Funding STRICTLY LIMITED?</b> X	
<b>Phone:</b>	(615) 741-1614	<b>Is the Contractor on STARS?</b> X	
<b>Procuring Agency Budget Officer Approval Signature</b>		<b>Is the Contractor's FORM W-9 ATTACHED?</b>	
		<b>Is the Contractors Form W-9 Filed with Accounts?</b>	
<b>COMPLETE FOR ALL AMENDMENTS (only)</b>		<b>Funding Certification</b>	
	<b>Base Contract &amp; Prior Amendments</b>	Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.	
<b>END DATE →</b>	<b>This Amendment ONLY</b>		
<b>FY:</b>			
<b>FY:</b>			
<b>FY:</b>			
<b>FY:</b>			
<b>FY:</b>			
<b>Total:</b>			

COPY

PROCESSED

JAN 22 2003

RECEIVED  
OFFICE OF  
GENERAL SERVICES  
JAN 22 7 AM '03